



VALLEY CENTER MUNICIPAL WATER DISTRICT

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January 8, 2019

California Water Plan Update 2018
Strategic Planning Branch
Statewide Integrated Water Management
California Department of Water Resources
P.O. Box 942836
Sacramento, CA 94236-0001

Subject: California Water Plan Update 2018 – Comments

Sent via E-mail to: cwpcor@water.ca.gov; Attn: Francisco Guzman

DWR Strategic Planning Branch;

I would like to thank you for the opportunity to comment on the State Water Plan Update, 2018, Public Review Draft. My comments are as follows:

Chapter 4, Investing in Water Resources Sustainability

Chapter 4 of the State Water Plan Update ("Update") points out that fully 85% of the statewide investment in water resources and water infrastructure comes from regional water entities as well as local retail cities, and special districts; with the minority balance coming from the state and federal government. In proposing new fees and charges on retail water deliveries to fund the infrastructure needs identified in the Update, there seems to be an inherent assumption that these new fees will be additive to the current level of non-state and non-federal investment from the regional and local levels.

Sustained Local investment May Not be a Sound Assumption

There are several initiatives proposing to place more and more state water taxes on the monthly water bill, i.e., DAC System Operations and Maintenance (SB 623) and Water Low Income Rate Assistance (AB 401) and now possibly a series of new taxes to meet the water resource and infrastructure needs identified in the State Water Plan Update. Further, in the just issued "Options for Implementation of Statewide Water Low Income Rate Assistance (W-LIRA) Programs" there is a proposal to set up state standards prioritizing W-LIRA through "progressive" water rate structures while de-prioritizing revenue stability for water agencies. Such standards might inadvertently impair the long-term fiscal viability and ability of water agencies to continue making water investments at the regional and local levels.

All Water Politics Are Local

DWR and the SWRCB should keep in mind that in the vast majority of cases, all retail water fees and charges are implemented by locally elected Board of Directors or City Councils, not isolated and insulated state Boards and Commissions.

It is also assumed that these new fees and charges will have to meet the test of Proposition 218. The 218 notification process will make it readily apparent to local ratepayers that they are subsidizing other community's water needs and other water ratepayers. There is a real risk that

this results in political backlash at the local level, with regional and local water agencies possibly losing the political support of their communities. More critically, the ability for water agencies to raise water rates and revenues sufficient to meet local operating needs and continue making 85% of the investments in the state's water supply resources and infrastructure may be lost or impaired.

In the end, DWR may have the increase in state water tax generated revenue fully or partially offset by a loss in the level of regional and local investment realized and counted on today.

There is the Need to Step Back and Take a Broader View

My recommendation would be for DWR, SWRCB, the new Administration, and the state legislative leadership to back away and take a serious look at the collective impact this panoply of current water tax initiatives will have on regional and local retail water agencies. In the context of the Update, with these state-imposed charges or water taxes in place, will the regional and local retail water agencies retain the political support to raise rates to meet local operational costs and infrastructure investment needs? Against the back-drop of rising concerns about water affordability, accessibility and the human right to water, all these proposed "water taxes" will make water even more expensive and less affordable for all consumers.


Alternatives That Need to be More Closely Examined

There is a very distinct and worrisome trend coming out of Sacramento of placing greater and greater state-imposed burden on the monthly water bills. The inherent danger with this approach was discussed above.

There is also general agreement that ample and reliable state water supply resources and infrastructure are critically important to sustaining the state's environment and economy. Since these two items are of general benefit to all Californian's, these issues (similar to water quality for Disadvantaged Communities and W-LIRA) are better dealt with at the state-wide level. Sources such as the State General Fund and/or, where appropriate, charges on statewide and regional water agencies and systems, such as DWR, and the CVP might be more fitting and appropriate. In this manner, the direct impact on the monthly water bill is diminished and not readily identifiable, thus helping to preserve the political support and financial capacity for the rate increases needed to meet local needs and water system re-investment.

Again, thank you for the opportunity to comment on the State Water Plan Update, 2018, Public Review Draft.

Sincerely,



Gary Arant
General Manager

cc: Dave Eggerton, ACWA
Maureen Stapleton, SDCWA
Kelley Gage, SDCWA